

Message Text

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46

ACTION SS-30

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 9802

INFO AMEMBASSY KINSHASA PRIORITY

S E C R E T BRUSSELS 0689

EXDIS

E.O. 11652: GDS

TAGS: PFOR, CG, BE

SUBJECT: SGM-GOZ COPPER CONTRACT NEGOTIATIONS

REF: KINSHASA 1043

1. SUMMARY: GOZ SAYS IT DOES NOT INTEND TO CONTINUE INDEMNIFICATION OF UNION MINIERE. IT HAS OFFERED, HOWEVER, TO ENTER INTO NEW TECHNICAL COOPERATION RELATIONSHIP WITH SGM WHICH WOULD INVOLVE NEW MARKETING COMPANY AND SGM CONSTRUCTION OF REFINERY AT BANANA. SGM-GOZ NEGOTIATIONS RESUME IN MUNICH FEBRUARY 4. END SUMMARY.

2. IN LETTER ADDRESSED TO SGM JANUARY 25, BISENGIMANA STATED GOZ POSITION THAT TERMS OF SGM-GENGAMINES AGREEMENT OF FEBRUARY 15, 1967 AND ADDITIONAL PROTOCOL OF SEPTEMBER 24, 1969 WERE NO LONGER ACCEPTABLE TO GOZ, THAT GOZ HAD PAID ADEQUATE COMPENSATION FOR TAKEOVER OF UNION MINIERE, AND THAT GOZ DID NOT INTEND TO CONTINUE PAYMENTS SPECIFIED IN 1967 AGREEMENT. BISENGIMANA SAID, HOWEVER, THAT GOZ WAS PREPARED TO ENTER INTO RELATIONSHIP OF "CONTINUED AND ENLARGED TECHNICAL COOPERATION" WITH SGM. THIS WOULD INVOLVE CREATION OF A NEW COMPANY TO MARKET ZAIRIAN MINING PRODUCTS AS WELL AS SGM ASSISTANCE IN CONSTRUCTING NEW COPPER REFINERY IN ZAIRE. IN ADDITION, GOZ WOULD GUARANTEE SAME SUPPLY

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OF COPPER TO BELGIAN REFINERIES AS THEY HAVE RECEIVED

IN PAST.

3. IN SECOND LETTER TO GOB JANUARY 26 (REFTEL), BISENGIMANA TRANSMITTED COPY OF HIS LETTER TO SGM AND POINTED OUT THAT, IF SGM RETALIATED AGAINST ZAIRE BY SUSPENDING PAYMENT OF PROCEEDS FROM SALE OF COPPER, THERE WOULD BE DISASTROUS EFFECTS ON BELGIAN-ZAIRIAN RELATIONS. SGM REPLIED TO BISENGIMANA IN LETTER DATED JANUARY 29. SGM REJECTED PROPOSITION THAT SGM-GECA MINES AGREEMENTS MUST BE COMPLETELY REVISED AND THAT SUFFICIENT PAYMENT ALREADY PAID FOR UNION MINIERE TAKEOVER. SGM OFFERED TO COMPARE FIGURES WITH GOZ TO DEMONSTRATE THAT ADEQUATE COMPENSATION NOT PAID. LETTER RESPONDED FAVORABLY TO PROPOSAL FOR CONTINUED TECHNICAL COOPERATION BUT CALLED ON GOZ TO RESUME WEEKLY COMPENSATION PAYMENTS IN ACCORD WITH COMMITMENT WHICH WAS MADE JANUARY 23 BUT WHICH HAS NOT YET BEEN IMPLEMENTED.

4. LEBRUN TOLD EMBOFF THAT SGM REPRESENTATIVES WOULD MEET WITH ZAIRIAN NEGOTIATING TEAM HEADED BY BISENGIMANA FEBRUARY 4 IN HOTEL IN MUNICH WHERE MOBUTU WOULD BE STAYING. HE COMMENTED THAT SGM HAD BEEN WORKING HARD TO ASSEMBLE DOSSIER ON COMPENSATION FIGURES IN TIME FOR MEETING. LEBRUN SAID THAT TOTAL AMOUNT OF COMPENSATION DUE WAS NOT SPECIFIED IN 1967 AND 1969 AGREEMENTS. (BISENGIMANA LETTER TO SGM ALSO MADE THIS POINT BUT MAINTAINED THAT AGREEMENT NO LONGER FAIR TO ZAIRE.) ACCORDING TO LEBRUN, SGM ORIGINALLY WANTED TO INCLUDE FIGURE IN AGREEMENT BUT ZAIRIANS DID NOT; NOW ZAIRIANS WANT TO SET PRECISE FIGURE. HE ALSO NOTED THAT "ZAIRE GROUP", BELGIAN INTERMINISTERIAL COMMITTEE ON ZAIRE, WOULD MEET FEBRUARY 4 IN BRUSSELS TO CONSIDER BELGIAN-ZAIRIAN RELATIONS. STRAUSS-HUPE

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